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## **INTRODUCTION**

In accordance with the City Auditor's 1990-91 Audit Workplan, we have reviewed and reported on the City's overtime expenditures.

With the City's current budget constraints and the ever-pressing demand for City services, overtime has become an increasingly critical issue. Recent City hiring restrictions have increased workload pressures on many City programs. As a result, overtime has, in some instances, become a short-term remedy with potentially costly long-term financial implications. The information in this report should provide an understanding of the magnitude of the City's overtime situation and its potential financial implications.

# **BACKGROUND**

## **Factors Governing Overtime**

The City's overtime situation involves a number of complex factors which require employees to work hours in excess of the normal work schedule. Legal and contractual requirements govern the application of overtime rules. The specific terms addressing overtime may vary for each of the 11 employee representation units. In addition, the terms in a memorandum of agreement (MOA) may differ from the provisions of the Federal Fair Labor Standards Act (FLSA). Different operating environments throughout the City also create additional variables to be considered when examining overtime. For the purpose of this analysis, we will use the most generally applicable rules to avoid becoming too technical and detailed. However, when necessary, we will provide additional information in order to facilitate a more complete understanding of an overtime issue.

Compensation for hours worked in excess of normally scheduled hours is usually handled in one of three ways: 1) paid overtime, 2) compensatory time (comp-time), or 3) executive leave. This study does not address executive leave since it is a unique subject not commonly associated with the City's overtime costs.

## **Paid Overtime**

Overtime is generally compensated at a rate of one and one-half times the employee's hourly rate for each hour of overtime worked. In certain

instances, an employee is paid twice his or her hourly rate for overtime hours worked in excess of twelve continuous work hours. The payment of overtime is governed by the related MOA, FLSA regulations, and the City's budget restrictions. The total amount of overtime that a Department or program can pay is set forth in the City's operating budget and is controlled as a separate budgeted line item in the City's accounting system. Subject to FLSA restrictions, budget considerations, and contractual provisions, employees may either request payment for the overtime or receive credit for comp-time off.

### **Comp-Time Off**

Instead of receiving an additional payment for overtime worked, an employee may be compensated by being allowed to take paid time off at a later date. In most instances, an employee will receive one and one-half hours of comp-time off for every hour of overtime worked. Other variations exist depending on the specific situation and the related MOA.

### **Unfunded Liability**

Comp-time is essentially a credit for overtime worked that is to be taken off or paid off later. Therefore, comp-time may or may not result in an actual additional cost to the City. In those instances where an employee is able to take comp-time off without other employees having to work overtime in order to cover for the employee, there is no direct additional cost to the City. However, if the absorption of the employee's duties by other employees creates the need for additional overtime, then an additional cost

or liability is created. Comp-time is usually required to be paid off if the comp-time could not be used within one year of occurrence. When this occurs, the cost of comp-time essentially is realized one year after the liability is incurred.

However, for employees represented by the Police Officers Association, the comp-time hours remain credited to the employee until taken off or the employee terminates or retires. Many Police Department employees have accumulated significant comp-time balances (as discussed later in this report). This prolonged accumulation of comp-time creates a substantial unfunded liability for the City since the costs for this overtime are not provided for on an on-going basis in the Department's operating budget. At some point in the future, when the employee retires or terminates or the Administration decides to reduce the liability, the City will be required to pay off these comp-time liabilities. Further, since currently accumulated comp-time hours will most likely be paid off several years from now, the ultimate cost to the City could be substantially higher because of ensuing employee promotions or pay increases. Specifically, when a Police Department employee retires or otherwise terminates, the City will pay off the employee for his or her accumulated comp-time hours at his or her hourly pay rate at the time of termination. The City makes this payment regardless of when the employee earned the comp-time or what his or her hourly pay rate was at the time the comp-time was earned. These additional costs may significantly impact future funding of City operations.

### **Causes: Discretionary vs. Mandated**

Within the City's operations, there are many circumstances resulting in overtime. Generally, overtime occurs when an employee has to work additional hours in order to accomplish certain job tasks. In addition to this form of overtime, there are some instances of mandated overtime. Examples of mandated overtime include:

1. **Standby-Pay** - Certain MOAs require overtime be paid to employees that remain available to respond to emergencies while off duty. This overtime can be compensated by paid overtime or comp-time depending on the provision in the particular MOA. To a certain extent, this overtime can be measured and adequately provided for in the budget.
2. **Fire Department Minimum Staffing** - The Fire Fighters' MOA requires a minimum staffing level. To comply with this requirement, the Fire Department may be required to enlist an employee to work overtime to fulfill the staffing requirement.

It should be noted that mandated overtime is not directly controllable within the current framework of the City's working environment.

### **City Auditor's Report On Police Department Overtime**

In November 1988, the Office of the City Auditor issued *An Audit Of The Police Department Overtime Controls*. The report disclosed that the Police Department's accumulated comp-time off liability exceeded \$6 million and represented almost 90 percent of the City's total comp-time off



liability. The condition existed because of the nature of police work and the Department's inadequate overtime budget and related policies.

Our review found that the Police Department lacked procedures to provide assurance that management was effectively controlling overtime usage. Specifically, the Department lacked a standard or budget for its expected overtime usage. As a result, it lacked an adequate basis for measuring or assessing its performance in controlling overtime.

The Department also lacked detailed management reports that identified the reasons for overtime. Such reports are necessary for management to know where and why overtime is occurring and to take appropriate steps to reduce the amount of overtime. Our review revealed that the eight most significant causes of overtime in the Department during 1987-88 were: End of Shift, Court Appearances, Follow-up Investigations, Training, Standby and Call-Back, Planned Overtime and Special Events, Non-sworn Overtime, and Other Overtime. These eight most significant causes of overtime in the Police Department are described in APPENDIX E.

Further, our review indicated that the Police Department needed to increase the Department managers' accountability by including the ability to control overtime usage as a part of their evaluation. Our review also disclosed that the Department did not have a policy that required prior authorization of overtime. Finally, our review found that the Department did not use overtime forms to document the justification and authorization for overtime.

Our audit report identified an opportunity to reduce overtime related to the transporting and accompanying of arrestees to the Valley Medical Center. The report also provided pertinent information on holiday compensation for San Jose police officers.

As a result of our review, we made fifteen recommendations to the City Administration and the Police Department to improve the management of overtime usage. The recommendations addressed the development of a comp-time off policy and overtime authorization procedures, identifying sources for funding police overtime, realistically budgeting overtime expenses, and conducting overtime analysis and reporting.

As of January 31, 1991, the City Administration and the Police Department have implemented nine of the fifteen recommendations in our audit report. The recommendations that remain to be implemented pertain to the overtime budget and management controls discussed above. According to the Police Department, the remaining recommendations cannot be implemented until additional personnel and computer equipment are provided. The unimplemented recommendations are listed in APPENDIX F.

### **Compensated Absences**

In May 1990, the Governmental Accounting Standards Board (GASB) issued Statement Number 11, “Measurement Focus and Basis of Accounting - Governmental Fund Operating Statements.” Statement Number 11 has an implementation date of July 1, 1994 and includes a change in the way the City must report accrued vacation, sick leave, and compensated absence time, including comp-time.

Among other things, GASB Statement Number 11 requires that *“Compensated absences for other than sick leave should be recognized as expenditures when the benefits are earned by the employees . . .”*

Previously, GASB only required recognition of those compensated absences that would be liquidated with expendable available financial resources--in other words, what the City expected to pay within one fiscal year.

GASB Statement Number 11 can have a significant impact on the City of San Jose given the large dollar amount of City-wide accumulated comp-time. Specifically, if GASB Statement Number 11 were in effect, the City would have to recognize a liability and a one-time charge of approximately \$7,144,000 in compensated absences on its financial statements for the General Fund and other appropriate funds. Each year thereafter, adjustments will have to be recorded to reflect any increase or decrease in unpaid compensated absences.

It should be noted that GASB intends to perform more research in this area prior to the July 1, 1994 effective date.

## **SCOPE AND METHODOLOGY**

### **Source Of Data**

For our review of the City's use of overtime, we analyzed payroll data from the City's payroll years 1987 through 1990. With the assistance of the City's Information Systems, Finance and Personnel Departments, we were able to extract and review selected pertinent information in a variety of ways to highlight different situations involving overtime.

For this review, we extracted data pertaining to the levels of overtime worked for both pay and compensatory time (comp-time). Both must be collectively analyzed for a complete picture of the City's overtime situation. In addition, we reviewed data on the City's liability for employee comp-time balances.

### **Data Limitations**

It should be noted that the results of our analysis were dependent upon the manner in which data was maintained in the City's payroll system. In some instances, overtime data was not always available to meet our analytical needs. However, as described below, we were able to perform additional calculations or establish certain premises to satisfy ourselves as to the validity and reliability of the information.

As part of our review, we developed, with the help of the Information Systems Department, several computer programs to extract from the City's payroll databases information regarding overtime and comp-time usages. These computer programs may be useful to other City Departments wishing

to monitor their own overtime and comp-time usages. The Office of the City Auditor is willing to share these programs with the interested departments and provide advice and assistance at their request.

### **Data For Transferred Employees**

Employees who transferred during the year may slightly distort the department totals shown in this report. When an employee transfers from one City department to another, any paid overtime or comp-time for that employee is also transferred. We accumulated departmental overtime data based on those employees working in the department at the end of the year. Therefore, it is possible that the overtime shown for an employee in one department was really worked in another department and vice versa. In our opinion, this factor should have only a minor effect on a Department's overall results.

### **Estimate Of Overtime Hours Worked For Comp-Time**

The City's payroll system accumulates the hours credited for comp-time in lieu of paid overtime, but does not accumulate the number of overtime hours actually worked for the comp-time. In most instances, employees are credited with one and one-half hours of comp-time for each hour of overtime worked. However, in some cases, the employee may be credited with comp-time at either straight time or double time. For example, employees who are normally scheduled for a day off on a City-recognized paid holiday are credited with comp-time equal to the number of hours normally scheduled for a work day. This results in an employee essentially

receiving a substitute day off at a later date. Further, for some employees, overtime worked in excess of twelve continuous hours is compensated at double time for either pay or comp-time hours. The payroll system does not differentiate between comp-time hours for these situations versus normal comp-time situations. Accordingly, because we estimated the number of comp-time hours worked by dividing comp-time hours credited by 1.5, our estimate will be off to the extent double or straight time comp-time hours were earned.

### **Estimated Value Of Comp-Time Hours Worked**

To evaluate the overtime for comp-time together with the overtime for pay, we estimated the value of the comp-time credited by applying the respective employee's hourly rate to the employee's number of comp-time hours credited. By using this methodology and combining our estimate of the value of overtime worked for comp-time with the actual overtime paid, we were able to estimate the total value of the overtime incurred during the year. It should be noted that this estimate of total overtime value may not be fully realized to the extent that comp-time hours are subsequently taken off with no additional overtime or comp-time being earned as a result.

However, to the extent comp-time hours are allowed to accumulate and are not paid off for several years, our estimate of total overtime will be more than fully realized.

### **Ratio Used For Analysis**

To provide a basis for comparing the Department's overtime occurrences, we calculated a ratio of the Department's overtime value to its regular pay exclusive of payments made to contract employees. By using this ratio as an indicator of the level of overtime occurrence, any differences in department sizes should be addressed. In addition, the use of this overtime-to-regular pay ratio also standardizes comparisons among employees with varying rates of pay.

# FINDING I

## CITY EMPLOYEES EARNED OVERTIME VALUED AT \$48,469,000 DURING 1987 THROUGH 1990

During 1987 through 1990, the City paid \$20,147,000 for 817,000 overtime hours worked for pay. In addition, City employees were credited with 1,445,000 hours of compensatory time (comp-time) worth \$28,322,000. The total value of all overtime worked during this period was \$48,469,000. Also, in accordance with related memorandums of agreement (MOA), \$5,677,000<sup>1</sup> was paid out for aged comp-time that was not taken off within one year of occurrence. Police Department employees earned the majority of overtime.

TABLE I compares pertinent overtime statistics for 1987 through 1990.

**TABLE I**  
**COMPARISON OF PERTINENT OVERTIME STATISTICS**  
**FOR THE YEARS 1987 THROUGH 1990**

<u>Overtime Item</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>Four-Year Totals</u>
Total Overtime Hours	175,644	186,888	201,369	253,387	817,288
% Increase (Decrease)		6%	8%	26%	
Total Comp-Time Hours Credited	343,521	322,838	375,010	403,436	1,444,805
% Increase (Decrease)		(6%)	16%	8%	
Paid For Aged Comp-Time	\$431,694	\$359,987	\$326,301	\$4,559,144	\$5,677,126
% Increase (Decrease)		(17%)	(9%)	1297%	
Total Paid Overtime	\$3,913,844	\$4,454,680	\$5,026,812	\$6,751,249	\$20,146,585
% Increase (Decrease)		14%	13%	34%	
Total Value of Comp-Time Earned	\$6,309,978	\$6,267,667	\$7,316,783	\$8,428,069	\$28,322,497
% Increase (Decrease)		(1%)	17%	15%	

<sup>1</sup> This includes a \$4.1 million buy-out in March 1990 of Police Department's comp-time balances.



## **Departments With Highest Occurrence Of Overtime**

Among other things, our analysis intended to identify those City Departments that had incurred the highest levels of overtime. To compare departments of different sizes, we calculated a ratio of each department's overtime value to its regular earnings exclusive of payments to contract employees. TABLE II summarizes the fifteen departments with the highest overtime ratios during the last four years.

**TABLE II**

**SUMMARY OF THE FIFTEEN DEPARTMENTS  
WITH THE HIGHEST OVERTIME RATIOS  
DURING 1987 THROUGH 1990**

<u>Department</u>	<b>Four-Year</b>						Overtime to Regular Pay Ratio
	<u>1987 Overtime</u>	<u>1988 Overtime</u>	<u>1989 Overtime</u>	<u>1990 Overtime</u>	<u>Total Overtime</u>	<u>Regular Earnings</u>	
Police	\$5,322,394	\$5,687,537	\$6,625,641	\$8,457,497	\$26,093,069	\$212,115,090	12.3%
Airport	\$472,840	\$427,306	\$572,701	\$550,600	\$2,023,447	\$23,041,180	8.8%
Conv & Cult Facilities	\$41,729	\$49,365	\$221,616	\$353,238	\$665,948	\$7,716,880	8.6%
Traffic Operations	\$235,008	\$297,540	\$340,741	\$439,888	\$1,313,177	\$17,638,580	7.4%
General Services	\$375,715	\$394,698	\$501,830	\$548,072	\$1,820,315	\$32,608,288	5.6%
Fire	\$1,736,790	\$1,747,654	\$1,511,182	\$1,616,573	\$6,612,199	\$119,225,802	5.5%
Water Pollution Control	\$403,818	\$376,793	\$431,534	\$441,797	\$1,653,942	\$34,252,195	4.8%
Neighborhood Maintenance	\$203,948	\$295,746	\$359,005	\$590,767	\$1,449,466	\$30,077,282	4.8%
Inactive Police & Fire Retire	\$0	\$2,278	\$1,241	\$0	\$3,519	\$81,075	4.3%
Rec, Parks & Comm Serv	\$365,316	\$427,010	\$541,759	\$578,658	\$1,912,743	\$55,269,531	3.5%
City Manager	\$86,297	\$84,910	\$121,926	\$197,579	\$490,712	\$15,103,712	3.2%
Information Systems	\$30,910	\$39,245	\$66,533	\$95,319	\$232,007	\$7,754,129	3.0%
Public Works	\$473,212	\$327,749	\$388,877	\$379,328	\$1,569,166	\$52,789,780	3.0%
Finance	\$71,346	\$75,943	\$114,401	\$154,012	\$415,702	\$14,364,077	2.9%
Library	\$185,738	\$200,546	\$232,184	\$283,519	\$901,987	\$37,155,177	2.4%

Table III summarizes overtime by department arranged by the ratio of overtime to regular pay for 1987 through 1990.

TABLE III

SUMMARY OF OVERTIME BY DEPARTMENT  
ARRANGED BY THE RATIO OF OVERTIME TO REGULAR PAY  
FOR PAYROLL YEARS 1987 THROUGH 1990

DEPARTMENT	1987				1988				1989				1990				FOUR-YEAR			
	Total Overtime	Regular Earnings	Total Overtime	Regular Earnings	Total Overtime	Regular Earnings	Total Overtime	Regular Earnings	Total Overtime	Regular Earnings	Total Overtime	Regular Earnings	Total Overtime	Regular Earnings	Total Overtime	Regular Earnings	Total Overtime	Overtime To Regular Pay Ratio		
1 Police	\$5,322,394	\$49,068,834	\$5,687,537	\$48,974,034	\$6,625,641	\$52,066,844	\$8,457,497	\$62,005,378	\$26,093,069	\$212,115,090	12.3%									
2 Airport	472,840	5,276,144	427,306	5,250,577	572,701	6,029,552	550,600	6,484,907	2,023,447	\$23,041,180	8.8%									
3 Convention & Cultur Fac	41,729	1,174,841	49,365	1,235,664	221,616	2,257,437	353,238	3,048,938	665,948	\$7,716,880	8.6%									
4 Traffic Operations	235,008	3,885,152	297,540	3,978,561	340,741	4,516,458	439,888	5,258,409	1,313,177	\$17,638,580	7.4%									
5 General Services	375,715	7,638,281	394,698	7,844,024	501,830	8,137,496	548,072	8,988,487	1,820,315	\$32,608,288	5.6%									
6 Fire	1,736,790	27,953,109	1,747,654	28,283,867	1,511,182	30,544,357	1,616,573	32,444,469	6,612,199	\$119,225,802	5.5%									
7 Water Pollut Control	403,818	8,240,665	376,793	8,251,214	431,534	8,590,944	441,797	9,169,372	1,653,942	\$34,252,195	4.8%									
8 Neighborhood Maint	203,948	7,019,537	295,746	7,176,612	359,005	7,680,566	590,767	8,200,567	1,449,466	\$30,077,282	4.8%									
9 Inactive Pol & Fire Ret	0	0	2,278	43,483	1,241	37,592	0	0	3,519	\$81,075	4.3%									
10 Rec, Parks, & Comm Serv	365,316	12,500,032	427,010	12,778,278	541,759	14,150,717	578,658	15,840,504	1,912,743	\$55,269,531	3.5%									
11 City Manager	86,297	3,885,214	84,910	3,955,165	121,926	3,278,900	197,579	3,984,433	490,712	\$15,103,712	3.2%									
12 Information Systems	30,910	1,832,826	39,245	1,779,745	66,533	1,883,857	95,319	2,257,701	232,007	\$7,754,129	3.0%									
13 Public Works	473,212	12,043,038	327,749	12,186,594	388,877	13,360,000	379,328	15,200,148	1,569,166	\$52,789,780	3.0%									
14 Finance	71,346	3,197,828	75,943	3,370,156	114,401	3,660,093	154,012	4,136,000	415,702	\$14,364,077	2.9%									
15 Library	185,738	8,724,110	200,546	8,820,041	232,184	9,435,914	283,519	10,175,112	901,987	\$37,155,177	2.4%									
16 Neighborhood Preserv	95,340	6,685,052	167,435	6,472,878	136,136	7,028,767	270,386	7,907,628	669,297	\$28,094,325	2.4%									
17 Office of Cultural Aff	0	0	0	0	0	0	4,050	170,094	4,050	\$170,094	2.4%									
18 Office of Policy Anal	5,962	68,697	4,625	265,000	4,894	243,302	3,337	342,121	18,818	\$919,120	2.0%									
19 Personnel	25,168	2,379,523	26,682	2,298,523	49,853	2,335,308	60,986	2,308,369	162,689	\$9,321,723	1.7%									
20 Planning	37,038	2,349,760	31,209	2,312,288	43,339	2,344,172	51,430	2,785,287	163,016	\$9,791,507	1.7%									
21 City Clerk	6,975	450,682	8,681	536,062	6,014	508,852	8,987	601,416	30,657	\$2,097,012	1.5%									
22 Office of Envi Mgmt	0	0	0	0	7,247	874,955	23,415	1,602,389	30,662	\$2,477,344	1.2%									
23 Housing	0	0	14,069	1,113,613	15,609	1,501,869	25,086	1,846,130	54,764	\$4,461,612	1.2%									
24 Inactive Fed Retire	22,136	3,055,874	14,885	428,578	9,513	609,990	3,824	338,421	50,358	\$4,432,863	1.1%									
25 City Attorney	20,939	2,081,708	15,507	2,386,857	25,462	2,527,664	27,357	3,226,790	89,265	\$10,223,019	0.9%									
26 City Council	4,034	836,588	2,846	978,781	2,268	1,050,088	3,519	1,101,953	12,667	\$3,967,410	0.3%									
27 Office of Economic Dev	0	0	0	0	0	0	113	55,795	113	\$55,795	0.2%									
28 Contract Employees	0	2,512,268	1,345	2,411,622	10,886	3,675,627	9,889	4,155,146	22,120	\$12,754,663	0.2%									
29 City Auditor	1,170	794,784	746	764,405	1,203	765,884	0	690,556	3,119	\$3,015,629	0.1%									
	\$10,223,823	\$173,654,547	\$10,722,350	\$173,896,622	\$12,343,595	\$189,097,205	\$15,179,226	\$214,326,520	\$48,468,994	\$750,974,894										

Appendix B, following the body of this report, provides a listing of all the departments in descending order of their percent of total City overtime in 1990.

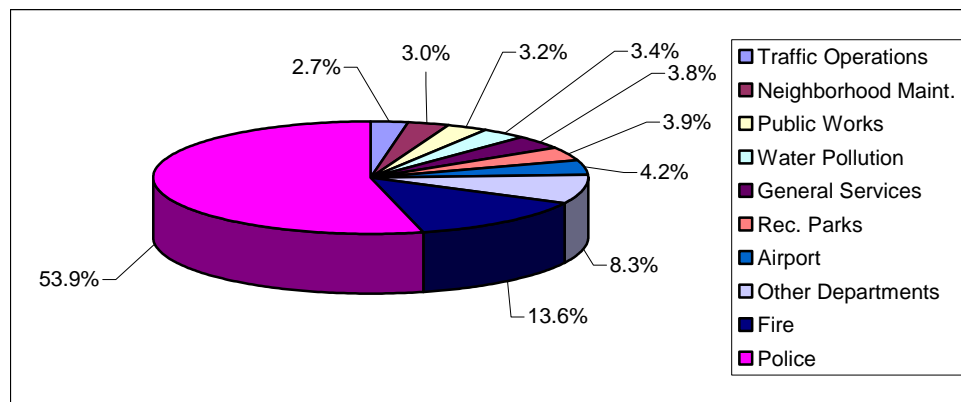
## FINDING II

### **POLICE DEPARTMENT OVERTIME COSTS ROSE STEADILY FROM 1987 THROUGH 1990, TOTALING MORE THAN \$26,000,000**

The sheer size of the Police Department's overtime costs makes it stand out from the rest of the City. During 1987 through 1990, the Police Department's overtime amounted to more than \$26,000,000. This represents 54 percent of the City's overtime costs of more than \$48,000,000 during the same period. In 1990 alone, Police Department overtime amounted to \$8,457,497.

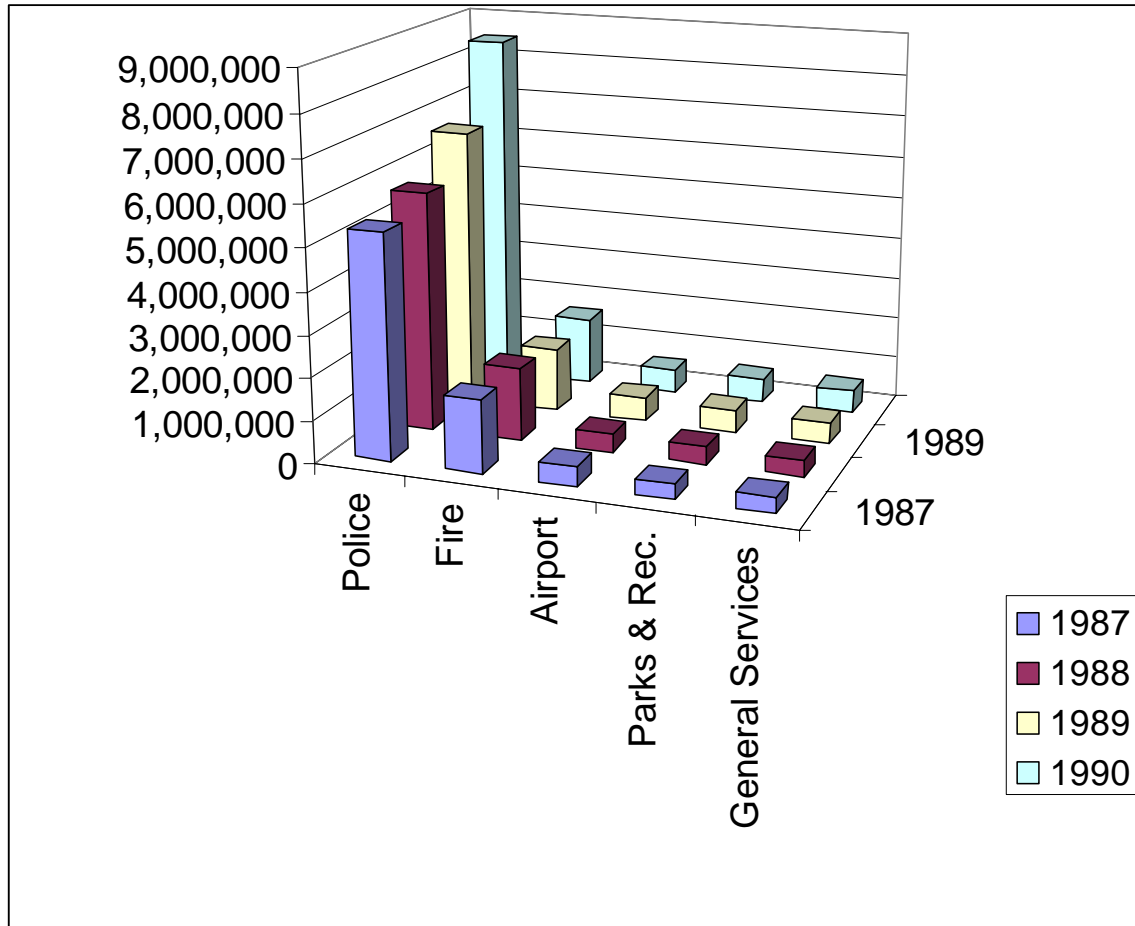
The following chart displays the percentage of City overtime by department during the last four years.

**Percent Of 1987-1990 Overtime By Department**



Not only has the dollar value of Police Department overtime increased during the last four years, but, unlike other City departments with overtime in excess of \$500,000 in 1990, so has the rate of increase been steadily rising. This is demonstrated in the following graphical presentation which displays the overtime cost for the five departments with the highest overtime costs during 1987 through 1990.

## FIVE DEPARTMENTS WITH HIGHEST OVERTIME FOR 1987-1990



The Police Department's escalating rate of overtime costs is also shown below in Table IV which summarizes City department overtime costs for 1987 through 1990.

**TABLE IV**  
**SUMMARY OF OVERTIME BY DEPARTMENT**  
**FOR PAYROLL YEARS 1987 THROUGH 1990**

<b><u>Department</u></b>	<b><u>1987</u></b>	<b><u>1988</u></b>	<b><u>1989</u></b>	<b><u>1990</u></b>	<b><u>Four-Year Total</u></b>
Police	\$5,322,394	\$5,687,537	\$6,625,641	\$8,457,497	\$26,093,069
% increase over previous year		7%	16%	28%	
Fire	1,736,790	1,747,654	1,511,182	1,616,573	6,612,199
% increase over previous year		1%	(14)%	7%	
Airport	472,840	427,306	572,701	550,600	2,023,447
% increase over previous year		(10)%	34%	(4)%	
Recreation, Parks, & Comm Serv	365,316	427,010	541,759	578,658	1,912,743
% increase over previous year		17%	27%	7%	
General Services	375,715	394,698	501,830	548,072	1,820,315
% increase over previous year		5%	27%	9%	
Other Departments					
Water Pollution Control	403,818	376,793	431,534	441,797	1,653,942
Public Works	473,212	327,749	388,877	379,328	1,569,166
Neighborhood Maintenance	203,948	295,746	359,005	590,767	1,449,466
Traffic Operations	235,008	297,540	340,741	439,888	1,313,177
Library	185,738	200,546	232,184	283,519	901,987
Neighborhood Preservation	95,340	167,435	136,136	270,386	669,297
Convention & Cultural Facilities	41,729	49,365	221,616	353,238	665,948
City Manager	86,297	84,910	121,926	197,579	490,712
Finance	71,346	75,943	114,401	154,012	415,702
Information Systems	30,910	39,245	66,533	95,319	232,007
Planning	37,038	31,209	43,339	51,430	163,016
Personnel	25,168	26,682	49,853	60,986	162,689
City Attorney	20,939	15,507	25,462	27,357	89,265
Housing	0	14,069	15,609	25,086	54,764
Office of Environment Management	0	0	7,247	23,415	30,662
Other	<u>40,277</u>	<u>35,406</u>	<u>36,019</u>	<u>33,719</u>	<u>145,421</u>
Other Departments Totals	1,950,768	2,038,145	2,590,482	3,427,826	10,007,221
% Increase Over Previous Year		4%	27%	32%	

## **FINDING III**

### **500 CITY EMPLOYEES EARNED OVERTIME WORTH MORE THAN 19 PERCENT OF THEIR REGULAR EARNINGS DURING 1990**

Our analysis revealed that 500 of the City's 7,500 employees worked overtime worth from 19.1 percent to 94.0 percent of their regular earnings as shown in APPENDIX C. These top 500 occurrences of overtime, equivalent to 6.7 percent of all employees, represent 36 percent of the total value of all the overtime worked during 1990. Of these 500 employees, 282 are Police Department uniformed personnel. These 282 employees alone earned 35,138 hours of paid overtime worth \$1,231,827 and 67,430 compensatory time (comp-time) hours worth \$2,442,359. The total overtime value for these 282 employees in 1990 was \$3,674,186. While these 282 employees comprised only 15 percent of the Department's 1,827 employees, they earned 43 percent of the Department's \$8,457,497 total overtime in 1990.

TABLE V summarizes the highest uniformed police overtime earners by job class during 1990.

**TABLE V**

**HIGHEST UNIFORMED POLICE  
OVERTIME EARNERS BY JOB CLASS  
DURING PAYROLL YEAR 1990**

<u>Job Class</u>	<u>No. Of Employees</u>	<u>Paid OT Hours</u>	<u>OT Paid</u>	<u>OT Hours For CT</u>	<u>Value Of CT Hours</u>	<u>Total OT Value</u>
Police Officer	205	27,097	\$909,972	45,869	\$1,557,187	\$2,467,159
Sergeant	59	6,579	256,655	17,211	684,625	941,280
Lieutenant	13	990	42,877	3,204	143,416	186,293
Captain	<u>5</u>	<u>472</u>	<u>22,323</u>	<u>1,146</u>	<u>57,131</u>	<u>79,454</u>
TOTALS	<u>282</u>	<u>35,138</u>	<u>\$1,231,827</u>	<u>67,430</u>	<u>\$2,442,359</u>	<u>\$3,674,186</u>
Police Dept Totals	1,827	81,871	\$2,598,120	173,591	\$5,859,377	\$8,457,497
Percent of 282 Uniformed Personnel To Department Total	15.4%	42.9%	47.4%	38.8%	41.7%	43.4%

OT - Overtime  
CT - Comp-time

TABLE VI summarizes by department and job class those individual employees who earned more than 40 percent of their base pay in overtime during 1990.



**TABLE VI**

**SUMMARY OF THOSE INDIVIDUAL EMPLOYEES  
WHO EARNED MORE THAN 40 PERCENT  
OF THEIR BASE PAY IN OVERTIME DURING 1990**

<u>Department</u>	<u>Employee Job Class<sup>2</sup></u>	<u>Overtime Hours For Pay</u>	<u>Comp- Time Hours Earned</u>	<u>Total Overtime Value</u>	<u>Ratio Of Overtime To Base Pay</u>
Library	Sr. Security Officer	1,304.5	0.0	\$28,257	94.0%
Police	Police Sergeant	70.0	1,541.4	\$44,519	80.9%
Police	Airport Police Offic	799.0	181.7	\$25,289	65.1%
Police	Police Officer	588.5	381.9	\$29,219	61.5%
Police	Police Officer	317.5	662.6	\$26,424	55.6%
Public Works	Assoc. Const. Insp.	427.0	516.0	\$22,341	55.5%
Traffic Op.	Maint Worker II	722.0	0.0	\$16,810	52.7%
Police	Police Sergeant	233.5	685.4	\$26,245	52.2%
Police	Police Sergeant	203.5	754.2	\$28,555	51.9%
Traffic Op.	Maint Worker I	714.0	0.0	\$14,974	51.8%
Traffic Op.	Maint Worker II	687.0	0.0	\$15,896	49.9%
Police	Supv Pub Saf Dispat	257.0	355.0	\$16,777	49.2%
Police	Police Sergeant	198.5	705.6	\$27,081	49.2%
Gen. Serv.	Electrician	617.0	97.2	\$23,807	49.2%
City Manager	Staff Analyst II	400.0	94.5	\$14,378	47.3%
Police	Police Officer	324.0	457.3	\$21,965	46.2%
Police	Sr. Pub Saf Dispat	168.0	201.3	\$9,642	45.8%
Police	Police Officer	222.0	588.6	\$21,490	45.2%
Police	Police Officer	155.5	684.5	\$20,916	45.1%
Police	Police Officer	115.0	740.0	\$20,768	44.8%
Police	Airport Police Offic	508.0	198.1	\$13,694	44.3%
Police	Police Officer	295.0	456.2	\$20,956	44.1%
Police	Police Records Clerk	0.0	882.1	\$12,341	43.2%
C. & C. Fac.	Tech Serv Supv	395.5	279.9	\$19,595	43.2%
Police	Police Sergeant	211.0	563.0	\$23,698	43.1%
Police	Police Sergeant	101.5	720.4	\$23,596	42.9%
Police	Police Sergeant	186.0	592.6	\$23,492	42.7%
Police	Police Officer	379.0	288.4	\$18,979	42.2%
Police	Police Officer	274.0	423.5	\$18,923	42.1%
Fire	Fire Prev. Insp.	523.9	75.0	\$20,015	41.4%
Police	Police Officer	223.5	477.8	\$18,750	41.2%
Police	Police Officer	205.0	518.6	\$18,792	41.2%
Airport	Sr. Air Cond Mech	540.5	84.0	\$21,306	41.0%
Police	Police Officer	268.0	412.2	\$18,477	40.9%
Traffic Op.	Maint Sup't	512.0	63.0	\$20,840	40.6%
Police	Police Officer	132.0	618.3	\$18,940	40.6%
Police	Police Officer	242.5	463.9	\$18,813	40.5%
Police	Police Officer	340.0	320.4	\$19,253	40.5%
Police	Police Sergeant	135.5	602.7	\$19,482	40.4%

<sup>2</sup> Excludes employees with overtime earnings of less than \$1,000.

Appendix C, following the body of this report, presents by department and job class the highest 500 individual occurrences of overtime during 1990.

## FINDING IV

### AT THE END OF 1990

#### THE CITY'S COMPENSATORY TIME LIABILITY WAS \$7,144,000

At the end of 1990, the City's total compensatory time (comp-time) liability was 322,219 hours worth approximately \$7,144,000. In March 1990, the City paid \$4,100,000 to reduce the Police Department comp-time balances. However, despite this overtime payoff, the Police Department's comp-time balance at the end of 1990 was still \$5,801,531.

TABLE VII summarizes the comp-time balances by department as of the end of 1990.

**TABLE VII**

#### **SUMMARY OF COMP-TIME BALANCES BY DEPARTMENT AS OF END OF PAYROLL YEAR 1990**

<u>Department</u>	<u>Comp-Time Balance</u>	<u>Dollar Value</u>	<u>Percentage Of City Overtime Total</u>
Police	249,691.5	\$5,801,531	81.21%
Fire	9,026.5	207,186	2.90%
Recreation, Parks, & Community Services	12,153.8	204,739	2.87%
General Services	7,459.2	138,318	1.94%
Water Pollution Control	5,916.8	117,253	1.64%
Airport	6,076.8	92,475	1.29%
City Manager	4,766.6	91,475	1.28%
Finance	3,934.4	69,718	0.98%
Neighborhood Maintenance	3,705.0	64,492	0.90%
Neighborhood Preservation	2,967.2	57,344	0.80%
Library	2,862.1	50,290	0.70%
Public Works	2,565.2	49,979	0.70%
Convention & Cultural Facilities	2,959.4	46,996	0.66%
Information Systems	2,033.3	39,782	0.56%
Planning	1,519.2	29,419	0.41%
Traffic Operations	1,444.5	29,083	0.41%
Personnel	1,469.0	25,328	0.35%
Other	1,668.3	28,376	0.40%
City-wide Totals	<u>322,218.8</u>	<u>\$7,143,784</u>	<u>100.00%</u>

As shown above, the Police Department's comp-time liability represents 81.21 percent of the total City comp-time balance liability. This liability is the result of the Department's high level of overtime occurrence and the provision in the Police Officers Association's Memorandum of Agreement which allows comp-time to remain "on the books" until taken off or paid off upon termination or retirement. Conversely, other employee memorandums of agreement contain a limitation of one year within which the comp-time must be taken. If not taken off within the one year limit, the comp-time is paid off and charged to the respective department's overtime budget.

To illustrate the extent of the difference between comp-time balances of the Police Department uniformed employees and other City employees, at the end of 1990, 50 Police Department employees had comp-time balances exceeding 500 hours, while only 2 other City employees had a comp-time balance over 500 hours. Of the top 500 employee comp-time balances, 468 were in the Police Department.

Appendix D presents, by department and job class, the highest 500 individual comp-time balances at the end of 1990.

## **CONCLUSION**

During the four years 1987 through 1990, the City incurred over \$48,000,000 worth of overtime of which 54 percent, or \$26,093,000, was attributable to the Police Department. In addition, 500 City employees worked overtime worth from 19.1 percent to 94.0 percent of their regular earnings. Further, the City had a comp-time liability of \$7,144,000 at the

end of 1990. Finally, 52 Police Department employees had comp-time balances exceeding 500 hours.

## **RECOMMENDATIONS**

We recommend that:

### **Recommendation #1:**

The Administration develop procedures to monitor overtime usage and periodically report overtime and comp-time earnings and accumulations to the City Council. (Priority 2)

### **Recommendation #2:**

The City Council direct the City Auditor to include in his 1991-92 Audit Workplan a re-review of Police Department overtime and reviews of other City departments with large overtime expenditures or comp-time usage. (Priority 2)

**[Click On The Appropriate Box To View Item](#)**

